

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2016 - HB 2126

February 9, 2018

SUMMARY OF BILL: Transfers the administration of 403(b) retirement plans for employees of institutions of higher education from the Chancellor of the Tennessee Board of Regents (TBR) and the President of the University of Tennessee (UT) to the Tennessee Consolidated Retirement System (TCRS). Deletes the limit of three companies from which the Optional Retirement Plan for Higher Education (ORPHE) may purchase investment products. Deletes certain limits on when a separated employee may withdraw money accumulated in a retirement account and deletes certain limits on the amount of such withdrawal.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – All administrative expenditures and corresponding fee revenue will transfer from the Tennessee Board of Regents (TBR) and the University of Tennessee (UT) to the Tennessee Consolidated Retirement System (TCRS); net impacts to TBR, UT and TCRS are estimated to be not significant.

Assumptions:

- Administrative fees are charged to 403(b) plan participants at a rate to offset expenditures required to administer the plan.
- All administrative expenditures and corresponding fee revenue will transfer from TBR and UT to TCRS; the net impact across TBR, UT, and TCRS is estimated to be not significant.
- In the event that TCRS is able to reduce administrative expenditures associated with administering 403(b) plans, the administrative fee may be reduced. Any such reduction cannot be reasonably determined.
- Expanding the number of companies that TCRS may purchase investment products from will not significantly impact plan revenue or administrative expenditures.
- Any requirements regarding the timing and limits of a separated member withdrawing funds from a retirement account must continue to be in accordance with investment product regulations and Internal Revenue Service rules and regulations. No change in the overall liability of the retirement plans.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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